


## **ASX RELEASE**

10 February 2011

### **STEEL & TUBE HOLDINGS LIMITED - HALF YEAR RESULTS**

OneSteel Limited (ASX:OST) has a 50.3% shareholding in Steel & Tube Holdings Limited (NZSX:STU), a public listed company in New Zealand which processes and distributes a comprehensive range of steel and allied products in the construction, manufacturing and rural industries in New Zealand.

Attached is a copy of Steel & Tube Holdings Limited's half year results which were released to the New Zealand Stock Exchange today.

A handwritten signature in grey ink, appearing to read 'Kara Nicholls'.

Kara Nicholls  
Company Secretary  
OneSteel Limited

Further information about OneSteel Limited can be accessed via the website [www.onesteel.com](http://www.onesteel.com)

Issuer: Steel & Tube Holdings Limited

Headline: 2011 Half Year Results

The consolidated interim financial statements have been prepared in accordance with, and comply with, NZIAS34 and IAS 34 Interim Financial Reporting and New Zealand Generally Accepted Accounting Practice.

Reporting period: 6 months to 31 December 2010

Previous reporting period: 6 months to 31 December 2009

Revenue from ordinary activities:	Current year; \$190M;	Up/Down % down 0.10%
Profit after tax attributable to shareholders:	\$12.1M;	up 166%
Net tangible assets per share:	\$1.45:	up 1%

Final dividend declared: 6.0 cps fully imputed  
Record date: 11 March 2011  
Payment date: 31 March 2011  
Imputation credit: 2.57 cps  
Supplementary dividend: 1.06 cps



## **NZX ANNOUNCEMENT**

### **Directors' Report**

**For the Half Year Ended 31 December 2010**

### **Results**

The Directors present the unaudited consolidated financial statements for the 2011 half year that were authorised for issue on 10 February 2011. The first-half trading result to 31 December 2010 of \$8.4 million profit after tax, was an increase of \$5.2 million or 165% when compared with the same period last year.

Sales at \$190.5 million are similar to the corresponding period last year, with increased volumes being offset by lower global steel prices.

The net tangible assets per share at 31 December 2010 were \$1.45 compared to \$1.43 at 31 December 2009.

### **Dividend**

Directors have declared a fully-imputed interim dividend of 6 cents per share to be paid on 31 March 2011 to holders of fully-paid ordinary shares registered at 11 March 2011. The amount payable is \$5.30 million and a supplementary dividend of 1.06 cents will be paid to non-resident shareholders.

### **Performance**

Slow improvements in the economy have seen volumes increase by 6% compared to the same period last year, although remaining well below historical levels. Strong competition continues and despite increasing prices from the prior 6 months, prices were still below those of the same period last year.

Most market sectors saw marginal improvements through a period of significant volatility from month on month with October particularly slow. As indicated at the annual meeting, commercial construction continues to decline with little improvement expected for the foreseeable future.

In line with the revised strategy and plans, we successfully implemented the new operating model aimed at advancing the strengths of the Company's product range and geographic coverage with customers. The significant internal change programme continues to be very positively received both internally and externally.

Facility rationalisation continued with a further seven business operations consolidated into existing facilities, supporting the new "One Company" operating model.

Focus on costs, debtors and inventory management all continue whilst our ongoing initiatives reposition the organisation for the environment ahead.

The Company came through the Christchurch earthquake remarkably well with only very minor damage to facilities and stock, reflecting the standards we employ at our facilities. As reported at the time, some of our people fared less well and we continue to support them. Accordingly our focus is now on the rebuild as we continue to work with those organisations leading the rebuild activity.

Focus has continued on health and safety, and the performance which now includes contractors, again continued to improve with zero lost time incidents and three medical treatment injuries sustained during the half year.

## Outlook

So far the economic recovery has been slower than expected, primarily due to lower household expenditure as many remain cautious about the outlook. The GDP data for the September quarter released in December, was disappointing with both manufacturing and construction declining.

From the Company's perspective both the residential and non residential sectors, with the exception of infrastructure, remain soft and any improvements will be from low bases. The Christchurch rebuild will offer some upside. However indications are that although the final cost of the reconstruction activity may be higher than initial estimates, the duration will be longer.

We note that despite no fundamental or material changes to the economy, business and consumer confidence is starting to increase, as it did last year.

In the rural sector export prices for both dairy and meat look encouraging, although due to a number of weather related issues volumes remain subdued.

Global steel pricing volatility is likely to continue. However in the immediate future prices are likely to increase as the industry tries to recover escalating raw material costs, compounded recently by the floods in Australia with many coal mines unable to produce. This combined with a volatile New Zealand Dollar means domestic steel prices will most likely continue to experience considerable variations.

We expect to see a slow and gradual improvement in activity across most sectors with the exception of commercial construction, where we expect further contraction in the short term. Our internal initiatives are starting to gather momentum and we expect to see some uplift in performance as a consequence. Overall we expect the second half of the year results will be similar to those of the first six months.



Dean Pritchard  
Chairman



Dave Taylor  
Chief Executive Officer

10 February 2011

## Appendix 1

Steel & Tube Holdings Limited		
Results for Announcement to the Market		
Reporting Period	6 months to 31 December 2010	
Previous Reporting Period	6 months to 31 December 2009	
	Amount (\$000)	Percentage change
Revenue from ordinary activities	190,453	(0.10%)
Profit before tax	12,082	166%
Tax expense - operating income	(3,684)	168%
Profit after tax attributable to security holders	8,398	165%
	Current year	Prior year
Net tangible assets per share	\$1.45	\$1.43
	Amount per security	Imputed amount per security
Interim dividend	6.0 cents	2.57 cents
Supplementary dividend	1.06 cents	
Record date	11 February 2011	
Payment date	31 March 2011	
Review	The financial statements attached to this report have been reviewed.	
Comments	Refer to separate attachment	

The unaudited condensed consolidated interim financial statements have been prepared in accordance, and comply, with, New Zealand Generally Accepted Accounting Practice (NZ GAAP), New Zealand Equivalents to International Financial Reporting Standard NZ IAS 34, and Interim Financial Reporting and International Accounting Standard IAS 34: Interim Financial Reporting.

**STEEL & TUBE HOLDINGS LIMITED**  
**CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

	<b>Unaudited 2010 \$000</b>	Unaudited 2009 \$000
Sales revenue	<b>190,453</b>	190,638
Cost of sales	<b>(146,586)</b>	(155,330)
Gross profit	<b>43,867</b>	35,308
Other operating income	<b>164</b>	223
Selling expenses	<b>(13,762)</b>	(13,511)
Administration expenses	<b>(7,701)</b>	(6,691)
Other operating expenses	<b>(9,771)</b>	(9,647)
<b>Operating earnings before financing costs</b>	<b>12,797</b>	5,682
Interest income	<b>19</b>	105
Interest expense	<b>(734)</b>	(1,237)
<b>Profit before tax</b>	<b>12,082</b>	4,550
Tax expense - operating income	<b>(3,684)</b>	(1,377)
<b>Profit after tax</b>	<b>8,398</b>	3,173
Other comprehensive income - hedging reserve	<b>(398)</b>	409
<b>Total comprehensive income</b>	<b>8,000</b>	3,582
Basic earnings per share (cents)	<b>9.5</b>	3.6
Diluted earnings per share (cents)	<b>9.5</b>	3.6

**STEEL & TUBE HOLDINGS LIMITED**  
**CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

	Share capital \$000	Retained earnings \$000	Hedging reserve \$000	Treasury shares \$000	Total equity \$000
<b>Balance at 1 July 2009</b>	71,252	80,249	(444)	(914)	150,143
<b>Comprehensive income</b>					
Profit after tax	-	3,173	-	-	3,173
Other comprehensive income - hedging reserve	-	-	409	-	409
<b>Transactions with owners</b>					
Dividends paid	-	(7,932)	-	-	(7,932)
(Purchase)/withdrawal of own shares	-	-	-	(12)	(12)
<b>Unaudited balance at 31 December 2009</b>	<b>71,252</b>	<b>75,490</b>	<b>(35)</b>	<b>(926)</b>	<b>145,781</b>
<b>Balance at 1 January 2010</b>	71,252	75,490	(35)	(926)	145,781
<b>Comprehensive income</b>					
Profit after tax	-	2,541	-	-	2,541
Other comprehensive income - hedging reserve	-	-	259	-	259
<b>Transactions with owners</b>					
Dividends paid	-	(3,086)	-	-	(3,086)
(Purchase)/withdrawal of own shares	-	-	-	54	54
<b>Audited balance at 30 June 2010</b>	<b>71,252</b>	<b>74,945</b>	<b>224</b>	<b>(872)</b>	<b>145,549</b>
<b>Balance at 1 July 2010</b>	<b>71,252</b>	<b>74,945</b>	<b>224</b>	<b>(872)</b>	<b>145,549</b>
<b>Comprehensive income</b>					
Profit after tax	-	8,398	-	-	8,398
Other comprehensive income - hedging reserve	-	-	(398)	-	(398)
<b>Transactions with owners</b>					
Dividends paid	-	(4,398)	-	-	(4,398)
(Purchase)/withdrawal of own shares	-	-	-	(463)	(463)
<b>Unaudited balance at 31 December 2010</b>	<b>71,252</b>	<b>78,945</b>	<b>(174)</b>	<b>(1,335)</b>	<b>148,688</b>

**STEEL & TUBE HOLDINGS LIMITED**  
**CONSOLIDATED INTERIM BALANCE SHEET**  
**AS AT 31 DECEMBER 2010**

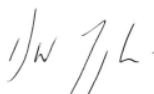
	<b>Unaudited 2010 \$000</b>	Unaudited 2009 \$000	Audited June 2010 \$000
<b>Current assets</b>			
Trade and other receivables	53,340	53,618	61,686
Inventories	87,386	74,847	84,227
Assets held for sale	508	-	508
Derivative financial instruments	-	-	319
Income tax receivable	8	1,151	-
	<b>141,242</b>	<b>129,616</b>	<b>146,740</b>
<b>Non-current assets</b>			
Property, plant and equipment	52,136	52,753	51,458
Intangibles	19,923	20,014	19,961
Deferred tax	-	2,744	-
	<b>72,059</b>	<b>75,511</b>	<b>71,419</b>
<b>Total assets</b>	<b>213,301</b>	<b>205,127</b>	<b>218,159</b>
<b>Current liabilities</b>			
Trade and other payables	28,430	27,718	33,501
Borrowings	1,869	5,117	6,942
Borrowings - term loans	31,000	25,000	29,000
Provisions	512	379	445
Derivative financial instruments	248	50	-
Income tax payable	-	-	696
	<b>62,059</b>	<b>58,264</b>	<b>70,584</b>
<b>Non-current liabilities</b>			
Provisions	1,200	1,082	972
Deferred tax	1,354	-	1,054
	<b>2,554</b>	<b>1,082</b>	<b>2,026</b>
<b>Equity</b>			
Share capital	71,252	71,252	71,252
Retained earnings	78,945	75,490	74,945
Hedging reserve	(174)	(35)	224
Treasury shares	(1,335)	(926)	(872)
	<b>148,688</b>	<b>145,781</b>	<b>145,549</b>
<b>Total equity and liabilities</b>	<b>213,301</b>	<b>205,127</b>	<b>218,159</b>

The consolidated interim financial statements and accompanying notes were authorised by the Board on 10 February 2011.

For the Board



Dean Pritchard  
Chairman



Dave Taylor  
Chief Executive Officer



**STEEL & TUBE HOLDINGS LIMITED**  
**CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

	Unaudited 2010 \$000	Unaudited 2009 \$000
<b>Cash flows from operating activities</b>		
Customers receipts	198,851	203,933
Interest receipts	19	105
Payments to suppliers and employees	(182,447)	(172,205)
Income tax payments	(3,918)	(3,267)
Interest payments	(734)	(1,237)
<b>Net cash inflow from operating activities</b>	<b>11,771</b>	<b>27,329</b>
<b>Cash flows from investing activities</b>		
Property, plant and equipment disposals	200	164
Property, plant and equipment purchases	(4,037)	(2,164)
<b>Net cash (outflow) from investing activities</b>	<b>(3,837)</b>	<b>(2,000)</b>
<b>Cash flows from financing activities</b>		
Treasury shares	(463)	(12)
Borrowings	2,000	(15,000)
Dividends paid	(4,398)	(7,932)
<b>Net cash (outflow) from financing activities</b>	<b>(2,861)</b>	<b>(22,944)</b>
<b>Net increase in cash and cash equivalents</b>	<b>5,073</b>	<b>2,385</b>
Cash and cash equivalents at beginning of the period	(6,942)	(7,502)
<b>Cash and cash equivalents at end of the period</b>	<b>(1,869)</b>	<b>(5,117)</b>
<b>Represented by:</b>		
Borrowings	(1,869)	(5,117)
<b>Reconciliation of profit after tax to cash flows from operating activities</b>		
Profit after tax	8,398	3,173
Non-cash adjustments:		
Depreciation and amortisation	3,169	3,233
Deferred tax	300	357
(Gain)/loss items classified as investing activity:		
Loss/(gain) on property, plant and equipment disposals	28	(47)
Movement working capital:		
Income tax	(704)	(2,247)
Inventories	(3,159)	15,990
Trade and other receivables	8,665	13,616
Trade and other payables including derivatives	(4,926)	(6,746)
<b>Net cash inflow from operating activities</b>	<b>11,771</b>	<b>27,329</b>

## Notice of event affecting securities

NZSX Listing Rule 7.12.2. For rights, NZSX Listing Rules 7.10.9 and 7.10.10.  
For change to allotment, NZSX Listing Rule 7.12.1, a separate advice is required.

Number of pages including this one  
(Please provide any other relevant  
details on additional pages)

1

Full name of Issuer	STEEL & TUBE HOLDINGS LIMITED		
Name of officer authorised to make this notice	A C Candy	Authority for event, e.g. Directors' resolution	Directors' Resolution
Contact phone number	(04) 570-5000	Contact fax number	(04) 569-4218
Date	10	02	2011

<b>Nature of event</b> Tick as appropriate	Bonus Issue <input type="checkbox"/>	If ticked, state whether:	Taxable <input type="checkbox"/>	/ Non Taxable <input type="checkbox"/>	Conversion <input type="checkbox"/>	Interest <input type="checkbox"/>	Rights Issue Renounceable <input type="checkbox"/>
	Rights Issue non-renounceable <input type="checkbox"/>	Capital change <input type="checkbox"/>	Call <input type="checkbox"/>	Dividend <input checked="" type="checkbox"/>	If ticked, state whether: Interim <input checked="" type="checkbox"/>	Full Year <input type="checkbox"/>	Special <input type="checkbox"/>
							DRP Applies <input type="checkbox"/>

### EXISTING securities affected by this If more than one security is affected by the event, use a separate form.

Description of the class of securities	Ordinary Shares	ISIN	NZSTUE000155
			<small>If unknown, contact NZX</small>

### Details of securities issued pursuant to this event If more than one class of security is to be issued, use a separate form for each class.

Description of the class of securities		ISIN	
			<small>If unknown, contact NZX</small>
Number of Securities to be issued following event		Minimum Entitlement	
Conversion, Maturity, Call Payable or Exercise Date		Treatment of Fractions	
	<small>Enter N/A if not applicable</small>		
Strike price per security for any issue in lieu or date Strike Price available.		Tick if <i>pari passu</i> <input type="checkbox"/> OR provide an explanation of the ranking	

### Monies Associated with Event Dividend payable, Call payable, Exercise price, Conversion price, Redemption price, Application money.

<small>In dollars and cents</small>		Source of Payment	88,372,240 ordinary shares
Amount per security	6 cents per share		
Excluded income per security (only applicable to listed PIEs)			
Currency	NZ Dollars	Supplementary dividend details - Listing Rule 7.12.7	Amount per security in dollars and cents \$0.010588
Total monies	\$5,302,334.40	Date Payable	31 03 2011

### Taxation

Amount per Security in Dollars and cents to six decimal places

In the case of a taxable bonus issue state strike price	\$	Resident Withholding Tax	\$	Credits (Give details)	\$0.025714
		Foreign Withholding Tax	\$	FWP Credits (Give details)	

### Timing (Refer Appendix 8 in the NZSX Listing Rules)

#### Record Date 5pm

For calculation of entitlements -

11	03	2011
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#### Application Date

Also, Call Payable, Dividend / Interest Payable, Exercise Date, Conversion Date. In the case of applications this must be the last business day of the week.

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#### Notice Date

Entitlement letters, call notices, conversion notices mailed

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#### Allotment Date

For the issue of new securities. Must be within 5 business days of application closing date.

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